


The Influence of Department Stores' Price Promotion Strategy Toward Consumers' Repurchase Intentions: A Moderation Model of Perceived Risks

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ABSTRACT

Taiwan's retailing industry faces fierce competition, and there are practical gaps regarding price promotion and repurchase intention. Therefore, the purpose of this study is to examine the impact of department stores' price promotion strategies on consumers' repurchase intentions and what the moderation effect of perceived risks has on the relationship between price promotion and repurchase intention. The results show (1) the consistency, presentation, and information content of price promotion on the repurchase intentions have a positive and significant impact, and (2) the perceived risks would weaken the relationship of the price promotion and repurchase intention. Therefore, this study proposes related suggestions of business management strategy regarding the establishment of price consistency that customers can trust in when shopping at domestic department stores; to use different price promotion presentation methods to lock in the repurchase behavior of different customer groups; to fade the information contents of price promotions for price-oriented services; and to reduce customers' perceived risk.

KEYWORDS

Department Store, Moderation Effect, Perceived Risk, Price Promotion, Repurchase Intention

INTRODUCTION

According to the Statistics Bureau of the Ministry of Economy of Taiwan, the annual turnover of domestic integrated commodity retailing in 2021 was \$1,302 billion (NT\$, New Taiwanese Dollars), of which department stores were \$342.6 billion (26.3%), supermarkets were \$248 billion (19.1%), chain convenience stores at \$361 billion (27.8%), retail outlets were \$244 billion

DOI: 10.4018/IJABIM.334017

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(18.7%), and other retail sales of \$106 billion (8.2%). As known in the above data, department stores play an important role in the domestic integrated commodity retailing industry. They also contribute considerably to the promotion of employment opportunities and national income. In 2021, although department stores' turnover declined by 1.0% compared to that of 2020, in recent years, the government has promoted market internationalization, economic liberalization, and other initiatives. Thus, foreign logistic operators also seize the Taiwanese market for its financial advantages and advanced business technology. Additionally, because of the rise of hypermarkets, hypermarkets now threaten domestic department stores with considerable price competition. In recent years, domestic department store operators were in fierce competition with Japanese systems. In addition, operating costs are rising as prices rise, and price competition has also become a problem in the operation of department stores.

Therefore, from a practical point of view, how to reinforce satisfaction, purchase intention, repurchase intention, loyalty, store atmosphere, product quality, price, service quality, and promotion activities, are all directions the department stores industry should pursue. Thus, many studies emphasized exploring how to enhance customers' satisfaction (Fredericks & Salter, 1995; Pizam, 2016; Leninkumar, 2017); how to enhance customers' purchase intention (Raghubir & Corfman, 1999; Mirabi, 2015; Hussian, 2015; Younus, 2015); how to enhance customers' repurchase intention (Zeithamal et al., 1996; Zboja & Volrhees, 2006; Lin, 2014; Suhaily, 2017); how to enhance customers' loyalty (Patrick & Beckman, 2002; Nuseir, 2015; Themba, 2019); how to reinforce service quality (Carman, 1990; Fisk et al., 1993; Themba, 2019); and how to conduct market positioning and marketing strategy (Erickson & Jonansson, 1985; Mitchell, 2001). However, there is little research to explore the impact of department stores' price promotions on repurchase intentions.

According to Baker et al. (2002), the customers' intention to repurchase is an important indicator of consumer behavior. Mitchell (2001) points out that there are many variables affecting consumers' purchase decisions, such as category, brand name, payment methods, service, purchase locations, store image, price, and promotion of products. Raghubir & Corfman (1999) also points out that price promotion allows consumers to pay with less money and for the replacement of equivalent products or services, which also stimulates consumers' buying amount. In addition, Della Bitta et al. (1981) also notes that retailers usually take advantage of lower prices and higher comparisons to facilitate positive benefits for customers' purchase decisions. Besides, promotion activities help stimulate communication between customers and companies and may provide certain incentives to attract customers to promote their repurchase intention (Raghubir & Corfman, 1999).

The above related studies show that it is important to explore the influence of price promotion on repurchase intention. However, perceived risks of customer shopping (e.g., financial, physical, psychological, and social risks) may affect their shopping decisions (Jacoby & Kaplan, 1972). In other words, when customers consider it uncertain or invisible in the course of their purchase, they become more aware of the risks which affects their repurchase intention at certain levels. This study also considers that it is important to explore the effect of perceived risk on the relationship between price guarantee and repurchase intention. Therefore, the relationship between price promotion activities and repurchase offers is examined and the moderation effect of perceived risk on price promotion and repurchase intention is an important subject which needs to be further studied. This paper intends to explore the following two issues: (a) What is the impact of the price promotion of the department stores on consumers' desire to repurchase? and (b) How does perceived risk affect the relationship between price guarantee and repurchase intention? Analysis of variance (ANOVA), correlation analysis, and multiple regression methods will be employed to examine the hypotheses developed regarding the above objectives.

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